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Confidential till released

Eurogroup statement on Greece

The Eurogroup welcomes the completion by the Greek authorities of the first set of milestones and the financial sector measures that are essential for a successful recapitalisation process. This is an important step towards addressing the main challenges that the Greek economy is facing and towards restoring it to a sustainable path. It has also enabled the ESM Board of Directors to approve today the second disbursement under the first tranche of the ESM programme for an amount of EUR 2 bn.

Regarding the recapitalisation of the significant Greek banks, we welcome the significant progress made over the past few weeks following the publication of the results of the ECB's Comprehensive Assessment. So far, all of the significant banks have been able to raise sufficient private capital to cover the AQR and baseline scenario, while two of them also for the adverse scenario of the Comprehensive Assessment. This contribution of private investors to the recapitalisation is in line with the requirements defined by the Eurogroup on 14 August. The EWG agreed, on the basis of a positive assessment of the European institutions, that the policy conditions, necessary to support the transfer of funds to the HFSF out of the EUR 10 bn earmarked for bank recapitalisation and resolution purposes, have been met by the Greek authorities. The formal decision of the transfer of the funds to the HFSF will be taken by the ESM Board of Directors, as required, following the relevant state aid decisions on a case-by-case basis.

This recapitalisation exercise is being carried out in line with the Bank Recovery and Resolution Directive and the 14 August Eurogroup statement. The Eurogroup confirms that the precautionary recapitalisations are of a temporary nature and the proceeds stemming from the future disposal of the HFSF participations and other capital instruments in the Greek banks, acquired in the context of this recapitalisation exercise, will be used to repay the ESM as soon as such proceeds become available in line with the Eurogroup statement of 14 August.

Overall, the recapitalisation is an important step towards the restoration of the soundness of the Greek banking sector, thus safeguarding financial stability in Greece. This, however, requires further determined efforts by the Greek authorities to tackle the remaining vulnerabilities, notably those arising from the high level of NPLs. In this context, we welcome the intention of the Greek authorities for steadfast implementation of the NPL strategy in line with the timetable agreed with the European institutions. We also welcome their confirmation that the valuation of the commercial value of real estates, in the context of the Household Insolvency Law, will be carried out by independent auditors under the supervision of the Bank of Greece.

We will now turn our attention to the next stages of the ESM programme and call on the Greek authorities to accelerate the work with the institutions on a second and final set of milestones under the first tranche and on the measures needed to complete the 1st review. We welcome the commitment of the Greek authorities to finalise a second set of milestones by mid-December and to take all the necessary decisions needed to remove bottlenecks on key projects (including metro, motorways, environment) co-funded by the EU and EIB.